

# BEFORE A HEARING OFFICER OF THE SUPREME COURT OF ARIZONA

IN THE MATTER OF A SUSPENDED MEMBER OF THE STATE BAR OF ARIZONA,

EDMUND D. KAHN, Bar No. 002152

RESPONDENT.

Nos. 02-0743, 02-0888 02-0909, 02-2300

HEARING OFFICER'S REPORT AND RECOMMENDATION

# PROCEDURAL HISTORY

Heretofore, on October 19, 2001, by Order of Suspension issued by the State Bar of Arizona, Respondent was suspended from the practice of law for non-payment of State Bar dues.

By Probable Cause Order *Nunc Pro Tunc* dated December 19, 2003, a probable cause panelist of the State Bar found, pursuant to Rule 53(b), Ariz. R. S. Ct., that probable cause existed to issue a complaint against Respondent for violations of Rule 42, Ariz. R. S. Ct., including but not limited to ERs 5.5, 8.4(c) and (d), and Rules 31(a) and 51(e). The Probable Cause Order dated *nunc pro tunc* to September 18, 2003.

A Complaint was filed by the State Bar on January 5, 2004, pursuant to said Probable Cause Order; Respondent filed his Answer on January 21, 2004.

A change of hearing officer having been requested, the matter was assigned to the above entitled and undersigned Hearing Officer for all further proceedings.

A combined evidentiary hearing was held on April 30, 2004, at which time all evidence was stipulated into the record by the parties.

At that same hearing, by stipulation of the parties, the question of appropriate sanctions under existing law was also argued and discussed, which said decision also included an aggravation/mitigation analysis.

Following simultaneous memoranda submitted by the parties, along with proposed Findings

of Fact and Conclusions of Law, the matter was deemed submitted at issue.

## Findings of Fact

- By letter dated April 2, 2001, the State Bar of Arizona advised Respondent that his
  license to practice law would be summarily suspended for failure to pay mandatory
  membership dues unless Respondent paid said dues on or before April 16, 2001.
- Respondent requested and was granted a hearing before the Board of Governors
  to show good cause why his license should not be suspended. Respondent's oral
  argument before the Board of Governors occurred on September 21, 2001.
- 3. By Order dated October 3, 2001, the Board of Governors informed Respondent that upon consideration of his written submission and oral argument, the vote of the Board of Governors was that Respondent did not demonstrate good cause why he should not be suspended for failure to pay membership fees. The Board of Governors ordered Respondent to pay his delinquent 2001 membership fees within ten days of the service of the October 3 Order or face summary suspension on October 19. Respondent did not pay his delinquent 2001 membership fees as ordered and his license to practice law was suspended as of October 19, 2001.
- On October 22, 2001, Respondent filed an opening brief in the Arizona Court of Appeals in the matter of City of Tucson v. Willie Caesar Bean (CA-CV 2001-0169). This action became a basis for State Bar File # 02-0909.
- By letter dated October 26, 2001, the State Bar of Arizona informed Respondent that the Scope and Operations Committee of the State Bar Board of Governors had approved Respondent's summary suspension.
- 6. On November 13, 2001, Respondent filed a petition for review of his suspension and a Petition for Stay of the suspension with the Arizona Supreme Court.
- On December 17, 2001, Respondent filed a reply brief with the Arizona Court of Appeals in the matter of City of Tucson v. Willie Caesar Bean (CA-CV 2001-

- 0169). This action became a basis for State Bar File #02-0909.
- By Order dated January 11, 2002, the Supreme Court of Arizona denied Respondent's Petition for Stay of Suspension.
- By letter dated March 21, 2002, the Supreme Court denied Respondent's Petition for Review.
- On March 28, 2002, Respondent filed a complaint against the State Bar of Arizona
  in the United States District Court for the District of Arizona (CIV-02-164-TUC).
- On April 8, 2002, Respondent filed a Complaint in the Pima County Superior Court in Kahn v. Grijalva (C20021729). This action became a basis for State Bar File #02-0888.
- On April 17, 2002, Respondent filed a Complaint in Pirna County Superior Court
   Kromko v. City of Tucson (C20021902). This action became a basis for State Bar
   File #02-0743.
- 13. On April 22, 2002, the State Bar of Arizona sent a letter to Respondent advising that information concerning Respondent's professional conduct had come to its attention, and requesting that Respondent provide a written response withing 20 days (State Bar File # 02-0743).
- 14. On April 23, 2002, Respondent sent a letter to the State Bar indicating a willingness to pay 2001 and 2002 dues provided that the amount be placed in a separate escrow account pending the outcome of the pending litigation in United States District Court (CIV-02-164-TUC). Respondent also indicated "I will expect you to reinstate my membership upon payment of said sum and establishment of said escrow account."
- 15. On April 23, 2002, Respondent appeared before the Hon. Ted Borek in Pima County Superior Court to argue his client's motion for a preliminary injunction in the matt3er of Kromko v. City of Tucson (C20021902). This action became a basis

for State Bar File # 02-0743.

- 16. On May 6, 2002, Respondent filed a complaint in the Federal District Court of Arizona in the matter of *Debra Sue Callies v. United States* (CIV 00-0708-PHX).
  This action became the basis for State Bar File # 02-2300.
- 17. On May 6, 2002, Respondent filed an answering brief and cross appeal with the Arizona Court of Appeals in the matter of Kromko v. City of Tucson (CA-CV2002-00643) This action became a basis for State Bar File #02-0909.
- 18. By Order dated May 7, 2002, the Arizona Court of Appeals delayed oral argument in Kromko v. City of Tucson (CA-CV 2002-0064) after receiving notice from the State Bar that Respondent's license was previously suspended. The Court of Appeals ordered that substitution of counsel or other suitable arrangements occur on or before May 8 at 9:00 a.m.
- 19. By Order dated May 8, 2002, the Arizona Court of Appeals threatened dismissal of the appeal in City of Tucson v. Bean (CA-CV 2001-0169) after learning that Respondent's license to practice had been suspended effective October 19, 2001. The Court of Appeals ordered that substitution of counsel or other suitable arrangements occur before 5:00 p.m. on May 13, 2002.
- 20. By letter dated May 10, 2002, attorney M. Sneberger (State Bar's counsel in the litigation filed by Respondent on Mary 28, 2002 in the United States District Court for the District of Arizona \*(CIV-02-164-TUC), sent a letter to Respondent reiterating that Respondent must pay past and present membership fees, a total of \$1045, in order to be reinstated. Mr. Sneberger also indicated that Respondent's fees could be segregated in a separate escrow account.
- 21. By handwritten note dated May 11, 2002, Respondent indicated that he would pay his past and present dues if his dues were placed in an escrow account pending the outcome of the federal litigation and that his license reinstatement be retroactive

to the October, 2001, date of suspension.

- 22. By letter dated May 17, 2002, Mr. Sneberger sent a letter to Respondent indicating that Respondent's payment would result in a reinstatement as of the date of payment and would <u>not</u> be retroactive to the date of suspension.
- 23. By letter dated May 21, 2002, the State Bar of Arizona informed Respondent that information concerning his professional conduct had come to its attention (State Bar File #02-0888). The State Bar informed Respondent that he had twenty days to respond.
- 24. By letter dated May 24, 2002, State Bar of Arizona informed Respondent that information concerning his professional conduct had come to its attention (State Bar File # 02-0909). The State Bar informed Respondent that he had twenty days to respond.
- 25. By letters dated June 4, 2002, Respondent sent the State Bar of Arizona a written response regarding State Bar File #s 02-0743, 02-0888 and 02-0909.
- 26. One June 4, Respondent sent a letter to attorney M. Sneberger stating that he accepted Mr. Sneberger's offer of May 10 and agreed to pay the amount of \$1045 on condition that 1) the dues would be placed in a separate escrow account, 2) that the payment/reinstatement have no effect on the pending federal litigation, and 3) that the reinstatement be retroactive to January 1, 2002. Respondent included a check in the amount of \$1045 in the correspondence.
- On June 12, 2002, Respondent filed a disclosure statement in Kahn v. Grijalva
   (C20021729). This action became a basis for State Bar File #02-0888.
- 28. By letter dated July 1, 2002, the State Bar of Arizona sent a letter to Respondent that "[o]n behalf of the Board of Governors, were are pleased to notify you that effective June 25, 2002, you have been reinstated to practice."
- 29. Respondent's license was suspended from October 19, 2001 to June 25, 2002.

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- 30. Respondent repeatedly practiced law in Arizona Courts during his period of suspension, as outlined in the State Bar's Complaint, filed January 5, 2004.
- 31. By letter dated December 6, 2002, the State Bar of Arizona informed Respondent that information concerning his professional conduct had come to its attention (State Bar File #02-2300). The State Bar informed Respondent that he had twenty days to respond. Respondent sent a copy of his letter dated June 4, 2002, regarding State Bar File #s 02-0743, 02-0888 and 02-0909 as his response to State Bar File #02-02300.
- 32. By Order dated May 20, 2003, the United States District Court granted the State Bar's motion for summary judgment and dismissed Respondent's case (CIV-02-164-TUC).

#### CONCLUSIONS OF LAW

- Respondent was not authorized to practice law in Arizona Courts from October
   19, 2001 to June 25, 2002.
- By practicing law with a suspended license between October 19, 2001 and June 25,
   2002, Respondent violated ER 5.5(a), Rule 42, Arizona Rules of the Supreme
   Court.
- By practicing law with a suspended license between October 19, 2001 and June 25,
   2002, Respondent violated ER 8.4(c), Rule 42, Arizona Rules of the Supreme Court.
- By practicing law with a suspended license between October 19, 2001, and June
   25, 2002, Respondent violated Rule 51(e), Arizona Rules of the Supreme Court.
- By practicing law with a suspended license between October 19, 2001 and June 25,
   2002, Respondent engaged in conduct prejudicial to the administration of justice.
   Respondent violated ER 8.4(d), Rule 42, Arizona Rules of the Supreme Court.

#### Discussion

It should be noted that, in reaching the aforestated Findings of Fact and Conclusions of Law, the undersigned has considered simultaneous memoranda of both parties, and has given great weight to the proposed Findings of Fact and Conclusions of Law submitted by bar counsel as being more rigorous and accurate.

Regarding conclusions of law, the undersigned finds that there is clear and convincing evidence that Respondent violated Rule 42, Ariz. R. S. Ct., specifically by practicing law while suspended. Respondent admits to having done this, and submits several legal arguments in justification or excuse.

Additionally, he presents procedural justifications, i.e. that his law practice for two of the counts was done prior to reinstatement, but while a petition for review was pending, and he was not technically suspended during that period of time.

Other arguments that would sound more in mitigation will be dealt with later herein.

Respondent, in response to questioning from the Hearing Officer, admitted that he never informed any judge, or opposing counsel, while appearing before a tribunal in session, of his legal status in any way.

See Transcript of Proceedings April 30, 2004; page 23, (3 - 15). Respondent's arguments are summarizable as defenses in the following manner:

- Right to work provisions of the Arizona Constitution prevent his suspension for nonpayment of dues.
- 2. Due process rights under both the State and Federal Constitutions require hearings before taking any punitive action; or, in the alternative, a suit for debt must be initiated, rather than the summary suspension procedure required in the State of Arizona.
- When challenging the validity of a particular law in this case, the power of the Supreme Court to regulate the practice of law in the fashion and manner that it does - a lawyer is protected from discipline due to his lack of willful or malicious conduct; and, finally,

4. No prejudice to the administration of justice has occurred herein, citing Rule 8.4, and the comments under paragraphs (c) and (d), because a lawyer is personally answerable for criminal acts, but only professionally responsible for non-criminal acts; and, somehow, that this rationale applies to challenges of illegal regulation of the practice of law.

It must be said that the undersigned does not find any of these clefenses to be mitigative or dispositive, in similar regard to the various courts and decisional authorities who have already heard them.

In the four counts consolidated in the complaint herein, two apply to the unauthorized practice of law on behalf of Mr. Kromko. The third count concerns Mr. Bean, and was undertaken prior to reinstatement, but while a petition for review was pending and suspension had not been accomplished. The fourth count, however, concerns a representation of Callies. Respondent does not deny this, and refers to it on the record in his later argument on T.R. about page 38, lines 3-11.

During the relevant periods of time herein, Respondent continued to practice law as afore stated herein; and, even went so far as to try to institute federal proceedings which were summarily dismissed as well. In the meantime, the Court of Appeals of the State of Arizona, Division Two, issued an order, in the Bean case, to the effect that, Respondent not being authorized to practice law in the State of Arizona at the time the Opening and Reply briefs were filed; and, continuing to be unauthorized, a substitution of counsel had to be filed in the matter, or other arrangement acceptable to the court shall be made regarding the continued representation of Bean, or the briefs would be stricken and the appeal would be dismissed.

The aforesaid order is dated May 8, 2002, signed by Presiding Judge Howard, and unanimously concurred in by Judges Espinosa and Druke.

Here is a clear and undeniable case of actual exposure of harm to a member of the public in litigation directly related to the Respondent's unauthorized practice of law.

The Respondent has made much of the fact that he offered to pay his dues under conditions

that would conform with his political conscience; and, in fact, ultimately did pay his back dues. It is also true that the Respondent always had the wherewithal to pay the dues, and informed all parties concerned, whether they wished to hear it or not, that it was only his intention to challenge an unjust law that caused him to behave in the manner that he did.

In any event, the Respondent was restored to active standing on June 25, 2002. These matters then proceeded through their various stages of litigation until, finally, a summary judgment was granted by the Federal District Court in and for the District of Arizona, the Honorable Raner C. Collins rendering the written decision. Judge Collins' well reasoned and thorough decision is recommended for incorporation in this decision, as it involves a careful legal analysis of the cases urged by the Respondent in furtherance of his claims - particularly with reference to the case of *Keller v. State Bar of California* 496 U.S. 4 (1990).

Therein, on page 8 of his opinion, and proceeding thereafter, Judge Collins makes clear that the State Bar has adopted bylaws which prohibit it from using membership dues to fund activities of a political or ideological nature not reasonably related to regulation of attorneys, and the other Keller prohibitions. Concluding that the Keller court only required a consideration for the State Bar to have in place constitutionally appropriate procedures for members to challenge expenditures of mandatory dues, which this bar does have in place, the Respondent's argument was without merit. The remainder of the Decision distinguished Respondent's arguments, and finds the State Bar in substantial compliance with *Keller*.

Having exhausted all legal remedies that he wished to, the Respondent finally comes to this proceeding admitting his actions, arguing for their justifiability, and, once again, urging some of the arguments referred to earlier, and urged upon other courts previously.

## ABA STANDARDS

ABA Standard 3.0 provides that four criteria should be considered: (1) the duty violated; (2) the lawyer's mental state; (3) the actual or potential injury caused by the lawyer's misconduct; and (4) the existence of aggravating and/or mitigating factors.

In determining this sanction, the ABA standards have been used as a suitable guideline. In re Kaplan, 179 Arizona 175, 877 P2d 274 (1994). For the unauthorized practice of law, the presumptive sanction for the most serious conduct herein, is suspension. A review of Standard 7.0 (Violations of Duties Owed to the Profession) indicates that suspension is in fact the presumptive sanction for Respondent's misconduct. Standard 7.2 specifically provides:

"Suspension is generally appropriate when a lawyer knowingly engages in conduct that is a violation of a duty owed to the profession, and causes injury or potential injury to a client, the public, or the legal system."

Respondent's actions clearly fit into this paragraph. Respondent has offered no evidence that he advised his clients of his suspension, he failed to withdraw until ordered to do so by a Court of Appeal under pain of dismissal of his clients' appeal; and, finally, has admitted that he failed to advise the courts below, on several occasions, when appearing before them, that he was suspended.

This Hearing Officer then considered aggravating and mitigating factors in this case, pursuant to *Standards* 9.22 and 9.32, respectively. Three factors are present in aggravation: 9.22 (c) a pattern of misconduct; 9.22(g) refusal to acknowledge wrongful nature of conduct; and (i) substantial experience in the practice of law. There are two factors present in mitigation: 9.32(a) absence of a prior disciplinary record<sup>1</sup> and 9.32(e) full and free disclosure to disciplinary board.

In recommending disciplinary sanctions, the Hearing Officer gave great weight to the afore recited mitigating factors. Furthermore, although it is specifically found that Respondent acted in good faith and without specific intent, it is also found that Respondent knowingly and intentionally violated the enumerated rules and provisions of the Disciplinary Code.

Respondent agreed to have aggravation/mitigation and proportionality analyses argued as part of the hearing in this matter, partly to expedite what is anticipated to be a future series of appeals which require a decision to be made by the Disciplinary Commission in order to initiate. In context, the Respondent, in the materials provided in evidence, has written a letter declaring his

<sup>&</sup>lt;sup>1</sup>Respondent has practiced law for more than 30 years.

intention "...in the tradition of civil disobedience espoused by the Saintly Dr. Martin Luther King, Jr., PhD.," to refuse to pay Arizona Bar Association dues for 2001. This is a letter dated December 5, 2002, signed by the Respondent, and mailed to the editor of the Arizona Attorney.

Dr. King (who was actually a Doctor of Divinity), indeed engaged in the type of civil disobedience urged from the likes of Thoreau and Emerson; Gandhi, and their successors. At all times, these practitioners of civil disobedience placed themselves opposite laws that they felt were unjust, and which carried criminal sanctions. There was never a time in the history of any of the great protest movements of the 1960s, and thereafter, that practitioners of civil disobedience were not jailed when their actions were found to be criminally answerable.

In fact, it was the very point of civil disobedience that one drew attention to an unjust law by disobeying it, and publicizing the subsequent criminalization of their efforts. From the draft card burners of the 1960s to the Chicago Seven, this type of vocal and public disobedience was regularly calculated to result in arrests and trials in an effort to bring about social change; and, eventually, legal change.

The Respondent should well know that, should his good faith actions, purposely undertaken to protest a series of laws he feels to be unjust, result in sanctions, that, under the great tradition of civil disobedience, he should be held to the same sanctions as others who have been found responsible for these acts, although in the pursuit of less altruistic ends.

## PROPORTIONALITY REVIEW

The Supreme Court has held in order to achieve proportionality when imposing discipline, the discipline in each situation must be tailored to the individual facts of the case in order to achieve the purposes of discipline. *In re Wines*, 135 Ariz. 203, 660 P.2d 454 (1983 and *In re Wolfram*, 174 Ariz. 49, 847 P2.d 94 (1993).

Proportionality is difficult in this case, as there is a wide range of sanctions that have been applied in other cases of a similar nature, which require a case-by-case approach to discipline. *In re Shannors*, 179 Arizona 52, 71, 876 P2d 548, 567 (1994). See also matter of *Reiley*, 142

Arizona 604, 615 (1984). These cases are cited by the bar in their Post Hearing Memorandum, which also serves as a basis to point out other mitigating and aggravating factors of note to this Hearing Officer.

In many of the cases recommended to the Hearing Officer by both parties, see e.g. *In re Kistler* Supreme Court No. SB-00-0098-D, a Supreme Court decision filed September 18, 2000, wherein censure was recommended for practice during a period of administrative suspension. This was a case where settlement was reached by a Tender of Admissions and Agreement for Discipline by Consent, distinguishing it from the matter herein.

In *In re Rhees*, SB 01-0161, Rhees practiced law after he had been suspended. There, the Disciplinary Commission found that the ABA Standards governing a lack of candor to the tribunal applied; and, there, found that substantial experience in the practice of law was an <u>aggravating</u> factor. Further, there was cooperation with the State Bar. Rhees received a four month suspension.

In *In re Allred*, another factor in mitigation, no dishonest motive, was revealed. In that case, Allred was suspended for six months and one day. *In re Stevens*, 178 Arizona 2621 (1994) contained many of the same factors, but Stevens' infractions were intentional, as he intended to file a federal challenge to Rule 45. Stevens consented to discipline prior to a formal complaint, showed remorse and apologized to the court. Afterwards, he received a censure.

Respondent's continuation of the practice of law while suspended exposed at least one client to the endangerment of a dismissal of his entire matter. That alone represents the most significant aggravating factor to the undersigned. Of almost equal significance, is the lack of candor to the various tribunals Respondent appeared in front of, which he freely admits; although, in retrospect, argues that it resulted in no harm. It is the feeling of the Hearing Officer that there is actual prejudice to the administration of justice in such a situation.

Most states, Arizona included, have not hesitated to claim inherent power, reserved to the judiciary, to regulate the practice of law. Arizona holds that the courts have power to license

attorneys as an adjunct to their inherent powers. See State Bar v. Arizona Land Title and Trust Company 366 P.2d 1, (1961), an Arizona Supreme Court decision. Instructive in this regard is the Lawyers' Manual on Professional Conduct §§201:101, et. seq., reference regulation of the bar. There is an exhaustive discussion of mandatory bar membership and dues payment requirements, throughout the United States. Once again, the Keller case, supra, is cited as settling the question of mandatory bar membership and bar dues. Respondent's argument centers on his objections to spending of mandatory dues on types of items that differ with his ideological or political preferences.

The test in Arizona for the unauthorized practice of law has been articulated in the case of In re Fleischman, 933 p.2d 563 (Ariz, 1997). Therein, the Supreme Court states that those acts constituting the practice of law are those which are customarily performed, or commonly understood to be performed by lawyers. By definition, an unlicenced person; or, as in this case, one who's privileges have been suspended pursuant to applicable law, has participated in the unauthorized practice of law.

The objective of lawyer discipline is not to punish the lawyer, but to protect the public, the profession and the administration of justice. *In re Neville*, 147 Arizona 106, 708 p.2d 1297 (1985). And in *In re Anderson*, Supreme Court No. SB-02-0006-D (2002), the Disciplinary Commission found a violation of ER 8.4(c), similar to that herein, involving dishonesty, fraud, deceit or misrepresentation. Anderson argued that, although he participated in negotiations with insurance companies in order to settle personal injury cases, that was not a "big" lawyer function. The commission agreed that clear and convincing evidence was present that Respondent had held himself out as a lawyer and engaged in unauthorized practice while under suspension. There, as here, ABA Standards 9.22 and 9.32 reveal the pattern of misconduct, refusal to acknowledge wrongful nature of conduct and substantial experience in the practice of law. An aggravating factor not present in the instant case was dishonest or selfish motive, a similar mitigating factor to the Respondent herein was absence of a prior disciplinary record. Therein, disbarment was

provided for.

All other cases follow a similar individualistic pattern.

#### RECOMMENDATION

The purpose of lawyer discipline is not to punish the lawyer, but to protect the public and deter future misconduct. *In re Fioramonti*, 176 Ariz. 182, 859 P.2d 1315, 1320 (1993). It is also the objective of lawyer discipline to protect the public, the profession and the administration of justice. *In re Neville*, 147 Ariz. 106, 708 P.2d 1297 (1985). Yet another purpose is to instill public confidence in the bar's integrity. *Matter of Horwitz*, 180 Ariz. 20, 29, 881 P.2d 352, 361 (1994).

In imposing discipline, it is appropriate to consider the facts of the case, the American Bar Association's *Standards for Imposing Lawyer Sanctions* ("Standards") and the proportionality of discipline imposed in analogous cases. *Matter of Bowen*, 178 Ariz. 283, 286, 872 P.2d 1235, 1238 (1994).

An exhaustive review of the case law provided by both sides, together with independent research, produces the following recommendation from the undersigned - that, on all counts plead herein, the Respondent should receive a 30 day suspension from the practice of law. Respondent should further notify all of his active clients of his suspension, and cooperate fully with the State Bar, in entering into the suspension, and providing for the protection of his clients with active litigation during said period.

Respondent shall also pay the costs and expenses incurred in this disciplinary proceeding.

Respectfully submitted this 13th day of July, 2004.

David M. Waterman Hearing Officer 8J

Original filed with the Disciplinary Clerk this 13th day of \_\_\_\_\_\_, 2004.

1	Copy of the foregoing mailed this 13th day of, 2004, to:
2	<i>" 0</i>
3	Edmund D. Kahn Respondent 7465 East Broadway Blvd., Suite 201
4	Tucson, AZ 85710
5	Cari M. Dangerfield Conflicts Case Committee Member
6	State Bar of Arizona
7	111 West Monroe, Suite 1800 Phoenix, AZ 85003-1742
8	by: P. Williams
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